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Fourth report of the Secretary-General pursuant to paragraph 6 of resolution 1956 (2010)

I. Introduction

1. The present report is submitted pursuant to paragraph 6 of Security Council resolution 1956 (2010), in which the Council requested me to provide written reports on an ongoing basis to the Council every six months, with the first report due no later than 1 January 2012, about the United Nations Compensation Fund, evaluating the continued compliance with the provisions of paragraph 21 of Council resolution 1483 (2003). This fourth report covers the developments following the issuance of my third report (S/2012/933) on 14 December 2012.

II. Developments

2. In its authority over the arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council of the United Nations Compensation Commission has continued to actively monitor deposits to the Fund. In addition, the secretariat of the Commission has continued to engage with the Iraq Committee of Financial Experts, the oversight body for the control, reporting and use of Iraqi oil revenues.

3. The secretariat of the Compensation Commission met with the Iraq Committee of Financial Experts in Geneva on 29 April 2013. During that meeting, the Head of the Committee reiterated the importance that the Government of Iraq attached to ensuring continued observance with the applicable United Nations resolutions and advised that the Committee did not have plans to alter the current mechanism for payment of 5 per cent of revenues from the sale of Iraqi petroleum and petroleum products into the Compensation Fund. He further advised that since approval of the mechanism for the valuation and transfer of the equivalent of 5 per cent of non-monetary payments of petroleum, petroleum products and natural gas made to service providers had been approved by the Ministry of Finance of Iraq, there had been regular transfers to the Fund. Since my second report to the Security Council, issued in June 2012, an additional amount of approximately $162.9 million has been deposited to the Fund in relation to such transactions.

4. The Governing Council held its seventy-fifth session from 30 April to 2 May 2013. A delegation from the Iraq Committee of Financial Experts attended the opening plenary and the Head of the Committee again reaffirmed Iraq's commitment

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to meeting its obligations. In its conclusion on the issue of arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council expressed its satisfaction with the continued transfers to the Compensation Fund under the Committee's oversight.

5. The average monthly income to the Compensation Fund for the first five months of 2013 has been approximately $374 million, with quarterly payments continuing to average in excess of $1 billion. Since my last report to the Security Council, the Compensation Commission has made two payments to Kuwait totalling approximately $2.4 billion; the first was made on 24 January 2013 and the second on 25 April 2013. The overall amount of compensation made available to date by the Commission is $41.2 billion. Only one claim now remains, with an outstanding amount of approximately $11.2 billion to be paid. This claim was submitted by the Government of Kuwait on behalf of the Kuwait Petroleum Corporation. In 2000 the claim was awarded $14.7 billion for oil production and sales losses as a result of damages to Kuwait's oil field assets and represents the largest award by the Governing Council. Based on current levels of income to the Fund and recent projections, the Commission remains on track to pay the outstanding balance in full by the spring of 2015.

6. The audit of the Development Fund for Iraq, covering the period from 1 January to 31 December 2012, is not yet available. However, based on current levels of income to the Compensation Fund and the Governing Council's satisfaction therewith, I am pleased to note that the Government of Iraq remains committed to complying with its obligations under paragraph 21 of resolution 1483 (2003).

7. I would like to conclude by expressing my ongoing appreciation to the Government of Iraq and the Iraq Committee of Financial Experts for their continued cooperation with the Compensation Commission.